

**PUBLIC EMPLOYEES' RETIREMENT BOARD**  
**100 N Park**  
**Helena MT 59620**

**Board Legislative Committee Minutes**  
**Tuesday April 10, 2007**  
**1:30 PM**

Committee Members: Troy McGee and Bob Griffith present, John Paull by phone

Staff: Roxanne Minnehan, Melanie Symons, Scott Miller  
Kathy Samson and Barbara Quinn, MPERA, Terry Smith,  
Board Member, by phone.

Other Attendees: none

**Public Comment** – *No public comment.*

**Approval of Committee Minutes** – John Paull made the motion to accept and Troy McGee seconded the motion for the minutes of the April 3, 2007 meeting.

**Executive Director's Report**

**HB125 – Repay loan for startup costs of the defined contribution retirement plan.** Sponsored by Dave Kasten. This bill passed the House State Administration Committee (17-1) on March 19<sup>th</sup>. Passed the House floor (89-11) on March 21<sup>st</sup>. Referred to House Appropriations and passed (12-7) on March 26<sup>th</sup>. Passed third reading on the House floor March 28<sup>th</sup> (62-38). This bill is effective upon passage and approval.

**HB129 – the General Revisions Bill**, is sponsored by Dave Gallik. Passed House State Admin (18-0) on January 19<sup>th</sup>. It passed out of Senate State Administration Committee on March 19<sup>th</sup> with an 11-0 vote. Passed second reading on the Senate floor (47-0) on March 24<sup>th</sup> and third reading (48-0) on March 26<sup>th</sup>. Transmitted to the Governor on March 29<sup>th</sup>. Section 2 of the bill questioned by Ann Brodsky – no response to our reply. Signed by the Governor on April 5<sup>th</sup>. This bill is effective October 1, 2007.

**HB159 – the Funding Bill**, is sponsored by Representative Carol Lambert and Senator Larry Jent. This bill increases the employer contribution over two biennium for PERS and SRS. It also changes the allocation of the excess contribution for DC members to 1) pay the DC implementation loan; 2) pay down the PCR-UAL and 3) fund the disability plan. The bill makes no modifications to the current GABA. The bill was heard in the House State Administration Committee. **This bill was tabled in committee** on March 19<sup>th</sup> with an 11-7 vote.

An effort by Rep. Jacobson to revive it on the House floor failed (53-44).

**HB131 – Generally revise public employee retirement laws.** This is the Governor's bill for reducing the GABA and minimally increasing employer contributions to actuarially fund the systems. PERB *opposes* this bill in its original form and as amended. It diminishes the current plan and creates disparity among members. The amendments also cause PERS and SRS to not be actuarially sound. This bill was moved to the State Admin Committee. On March 19<sup>th</sup> the committee made 2 amendments to the bill and passed it on to the House floor with an 11-7 vote.

The amendments split the contribution increase over two biennium and took out the language that allocated the employer contribution to 1) pay the DC loan, 2) pay down the plan choice rate and 3) fund the disability plan. This means there could be problems if HB125 does not pass. A third amendment did not pass – to take the small systems out of HB131 – by a 10-8 vote.

After much debate and several attempts to revise, this bill passed the third reading on the House floor (73-26) as originally amended. The bill was transferred to the Senate on March 24<sup>th</sup> and has been assigned to the Senate Finance and Claims. This bill has an effective date of July 1, 2007.

### **Bill Review**

**HB63 – Actuarially funding the teacher retirement system.** This is the teachers' bill that will give the TRS a ~~\$100~~ \$50 million infusion, but will keep GABA at 1.5 percent. PERB is *monitoring*. This bill has been moved from House Appropriations to House State Administration. It was heard on Monday, February 5<sup>th</sup>. David Senn, Executive Director of TRS spoke on this bill, as did David Ewer, Budget Director, and Tom Bilodeau. There were two opponents of this bill, Bob Vogel and Darrell Rudd. A discussion of various contracts for school superintendents ensued with various questions from committee members. One inquiry was regarding the increase in employer contributions rates for the TRS. The bill was amended in the committee to remove the tightening of loopholes. Passed third reading in the House on March 29<sup>th</sup> and was transmitted to the Senate. In the Senate it was assigned to the Finance and Claims Committee. This bill is effective on passage and approval.

**HB95 – Provide increase in employer contribution to optional retirement program.** PERB is *monitoring*. This bill was re-assigned to the House State Admin Committee from the Appropriations Committee. It passed out of committee (15-3). Passed the House floor (81-18). Was re-referred to House Appropriations and passed (17-2). Passed third reading in the House on March 28<sup>th</sup> and transmitted to the Senate. Assigned to Senate Finance and Claims Committee and will be heard on Apr 9<sup>th</sup>. The bill is effective July 1, 2007.

**HB559 – Increase exclusion of retirement benefits on state income tax from \$3600 to \$5400.** PERB will *monitor* the bill. As of February 14, 2007, the bill passed the House by a unanimous vote. This bill will only help a few of the lower paid benefit recipients. The bill passed third reading in the House and was transmitted to the Senate on February 26<sup>th</sup>. Assigned to the Senate Judiciary and then re-assigned to Senate Taxation, it does not have a hearing scheduled. This bill was referred to the Judiciary Committee on March

8<sup>th</sup>. It was heard on March 27<sup>th</sup>. The bill passed/concurred on April 2<sup>nd</sup> (12-0). It was scheduled for 2<sup>nd</sup> reading on April 3<sup>rd</sup> and referred to the Taxation Committee the same day.

**HB618 – Establish statewide account for employee termination costs.** PERB is *tracking*. The bill passed the House on February 26<sup>th</sup> and was transferred to the Senate. Assigned to the Senate Finance and Claims this **bill was tabled in committee on April 3<sup>rd</sup>**.

**HB765 – Revise retirement laws.** The PERB *opposed* this bill for adverse selection and special interest for a select few individuals. The purpose of this bill is to provide certain persons that are serving in the Montana legislature to revoke an irrevocable election. The bill passed the House and has transferred to the Senate as of February 27<sup>th</sup>. Staff has discussed this with Dave Senn, TRS Executive Director. He states the election for legislature is meant to bridge their service. This bill was heard on March 23<sup>rd</sup> in the Senate State Admin committee. Ms. Symons suggested that they try once again to have the bill amended. This bill was returned to the House with amendments on April 5<sup>th</sup>. This bill is effective on passage and approval.

**HB771 – Revise actuarial valuations and reporting for retirement systems.** PERB is *informational*. The bill appears to be asking for information that is already being provided. The bill proposes annual actuarial evaluations but allows the extra expense to be excluded from the Board's budget cap. The bill has passed the house and has moved to the Senate as of February 27<sup>th</sup>. This bill passed third reading concurred on April 4<sup>th</sup> and was returned to the House. This bill is effective June 1, 2007.

**SB47 – Clarify sponsor notification for administrative rules.** PERB is *neutral*. This bill passed the Senate unanimously and the House concurred. The bill was returned to the Senate March 31<sup>st</sup>. It was returned from enrolling on April 4<sup>th</sup>. This bill was signed by President on April 5<sup>th</sup>.

**SB56 – Retirement fund to pay costs for school employees paid with federal funds.** PERB is *tracking*. This bill is assigned to the Senate Educational and Cultural Resources Committee. As of February 14, 2007, the bill has passed the Senate and has moved to the House. **This bill was tabled in committee on April 3<sup>rd</sup>**.

**SB113 – Increases meal reimbursement rates for state employees.** The PERB is *tracking*. The increase changes meal rates to 85% of the federal rates. The bill has passed the Senate on February 23<sup>rd</sup> and has transferred to House Appropriations. It was heard on April 3<sup>rd</sup>.

**SB175 – Prohibits application of rule until the rule is effective as law.** PERB is *neutral and informational*. The bill is assigned to Senate State Admin committee. The bill passed the House State Admin Committee and Rep. McNutt is to carry the bill on the House floor. The bill passed the 3<sup>rd</sup> reading on the floor (99-0). The bill has been returned to the Senate with amendments on March 23<sup>rd</sup>.

**SB177 – Extend time for challenging agency actions.** The PERB is *tracking*. This bill has passed the Senate and has passed the House. It was returned from enrolling on April 4<sup>th</sup>. The bill was signed by President on April 5<sup>th</sup>.

**SB467 – Revise membership and meetings of board of investments.** The PERB will *monitor*. The bill, with amendments, would allow BOI to keep the current number of voting members and add two non-voting members from the legislature, a Senator and a Representative from different parties with applicable experience. The bill passed the Senate and transferred to the House as of February 27<sup>th</sup>. This bill passed (16-0) the House Business and Labor on March 26<sup>th</sup>. The bill was transmitted to the Governor on April 3<sup>rd</sup>. This bill was signed by the Governor on April 10, 2007.

**SB489 - Allow Public Funds to Invest in Private Corporate Capital Stock.** The PERB will *monitor* this bill. This bill requires a Constitutional amendment. To allow up to 25% of certain public funds to be invested in private corporate capital stock. The bill passed the Senate and the House concurred on April 4<sup>th</sup> (77-22). The bill was returned to the Senate with amendments also on April 4<sup>th</sup>.

**SB532 - Revise firefighter's retirement laws.** This bill was amended and the PERB *supports* as amended. There are now two major points to this bill.

- 1) Authorizing participation in the retirement system by certain fire departments
- 2) Authorizing return to service for a limited number of hours (480 ~~980~~) without loss of benefits.

Also amended out was the change in the definition of compensation and the DROP. The bill passed out of Committee. The bill transferred to the House on February 28<sup>th</sup>. This bill will be heard on March 23<sup>rd</sup> in the House State Admin. House State Admin heard the bill on March 23<sup>rd</sup>. Several fire chiefs from rural departments testified that they spent money training firefighters that transferred to the nearest municipal department to be part of FURS for the retirement and disability benefits. The committee had a lot of questions. This bill passed the Senate and was transmitted to the House on February 28<sup>th</sup>. It passed the third reading concurred on April 2<sup>nd</sup> and was returned to the Senate. The bill was returned from enrolling on April 4<sup>th</sup>. After the bill was transmitted to the Governor's office, the budget office requested an actuarial study.

### **Other discussion**

House Joint Resolution 59 (LC2575) – Retirement Systems Interim Study. The study was re-written by S. Heffelfinger. There is a legislative guide to be available. The study instructs the committee to study the options available and to compare Montana with other states. The bill states that MPERA and MPERA's actuary would be available to help in the study without any regard for funding. Only two legislators voted "no" to moving forward with the study. It is too late in the session to put funding into the bill. \$100 thousand contingency fund is available to ALL interim committees combined.

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HB131 – The firefighters will again try to amend the small systems out of HB131 at the next hearing along with Police, Sheriffs and Judges.

Regarding SB532 – Ms. Minnehan explained the state rate for firefighters and how the governor's amendments would affect the state rate. The governor's amendments would increase the amortization period for FURS.

### **Un-introduced Legislation**

None

### **Other Business**

The next meeting will be April 17, 2007. There being nothing else to come before the committee, Mr. Griffith adjourned the meeting at 2:10 pm.